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DEPARTMENT OF COMMERCE

International Trade Administration

[A-201-847]

Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico: Affirmative Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (Department) preliminarily determines that heavy walled rectangular welded carbon steel pipes and tubes (HWR pipes and tubes) from Mexico are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 733(b) of the Tariff Act of 1930, as amended (the Act). The period of investigation (POI) is July 1, 2014, through June 30, 2015. The estimated weighted-average dumping margins of sales at LTFV are shown in the “Preliminary Determination” section of this notice. Interested parties are invited to comment on this preliminary determination.

DATES: Effective Date: [Insert date of publication in the Federal Register].

FOR FURTHER INFORMATION CONTACT: Blaine Wiltse or David Crespo, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-6345 or (202) 482-3693, respectively.

## SUPPLEMENTARY INFORMATION:

### Background

The Department initiated this investigation on August 10, 2015.<sup>1</sup> As explained in the memorandum from the Acting Assistant Secretary for Enforcement & Compliance, the Department has exercised its discretion to toll all administrative deadlines due to the recent closure of the Federal Government. All deadlines in this segment of the proceeding have been extended by four business days. The revised deadline for the preliminary determination of this investigation is now February 22, 2016.<sup>2</sup> For a complete description of the events that followed the initiation of this investigation, see the memorandum that is dated concurrently with this determination and hereby adopted by this notice.<sup>3</sup> A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice.

The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be found at <http://enforcement.trade.gov/frn/>. The signed Preliminary

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<sup>1</sup> See Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from the Republic of Korea, Mexico, and the Republic of Turkey: Initiation of Less-Than-Fair-Value Investigations, 80 FR 49202 (August 17, 2015) (Initiation Notice).

<sup>2</sup> See Memorandum to the Record from Ron Lorentzen, Acting A/S for Enforcement & Compliance, regarding "Tolling of Administrative Deadlines As a Result of the Government Closure During Snowstorm Jonas," dated January 27, 2016.

<sup>3</sup> See Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, entitled "Decision Memorandum for the Preliminary Determination in the Antidumping Duty Investigation of Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico" (Preliminary Decision Memorandum), dated concurrently with this notice.

Decision Memorandum and the electronic version of the Preliminary Decision Memorandum are identical in content.

### Scope of the Investigation

The products covered by this investigation are HWR pipes and tubes from Mexico. For a full description of the scope of this investigation, see the “Scope of the Investigation,” in Appendix I of this notice.

### Scope Comments

As noted in the Initiation Notice, we set aside a period of time for parties to raise issues regarding product coverage.<sup>4</sup> On October 13, 2015, we received comments from Productos Laminados de Monterrey S.A. de C.V. (Prolamsa), a producer/exporter of HWR in Mexico, in the context of its response to the Department’s questionnaire.<sup>5</sup> In these comments, Prolamsa requested that the Department find that two types of HWR products are outside the scope of this investigation (i.e., HWR cut to short lengths and custom-designed HWR sold as parts). On December 1, 2015, we received a similar request from Maquilacero S.A. de C.V. (Maquilacero), also a producer/exporter of HWR in Mexico.<sup>6</sup> On December 2, 2014, the petitioners<sup>7</sup> objected to Maquilacero’s request, noting that the products in question are within the definition of the scope.<sup>8</sup>

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<sup>4</sup> See Initiation Notice, 80 FR at 49203; see also Antidumping Duties; Countervailing Duties; Final rule, 62 FR 27296, 27323 (May 19, 1997).

<sup>5</sup> See Prolamsa’s October 13, 2015, submission, at A-14.

<sup>6</sup> See Maquilacero’s December 1, 2015, submission, at 4-5.

<sup>7</sup> The petitioners in this proceeding are Atlas Tube, a division of JMC Steel Group; Bull Moose Tube Company; EXLTUBE; Hannibal Industries, Inc.; Independence Tube Corporation; Maruichi American Corporation; Searing Industries; Southland Tube; and Vest, Inc.

<sup>8</sup> See the petitioners’ December 2, 2015, submission, at 1-2.

We considered the requests noted above, as well as the petitioners' responsive comments. Absent an overarching reason to modify the scope in the petition, the Department accepts the scope as it is currently written.<sup>9</sup> Consequently, we made no change to the scope with respect to cut-to-length products, as well as HWR sold as parts because: 1) these products are clearly within the scope; and 2) the petitioners intended that these products be covered. For further discussion, see the Preliminary Decision Memorandum.

#### Methodology

The Department is conducting this investigation in accordance with section 731 of the Act. There are two mandatory respondents participating in this investigation, Maquilacero and Prolamsa. Export price and, where appropriate, constructed export price, for these companies are calculated in accordance with section 772 of the Act. Normal value (NV) is calculated in accordance with section 773 of the Act. For a full description of the methodology underlying our preliminary conclusions, see the Preliminary Decision Memorandum.

#### All-Others Rate

Consistent with sections 733(d)(1)(A)(ii) and 735(c)(5) of the Act, the Department also calculated an estimated all-others rate. Section 735(c)(5)(A) of the Act provides that the estimated all-others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated, excluding any zero and de minimis margins, and any margins determined entirely under section 776 of the Act.

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<sup>9</sup> Id.; see also Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 73 FR 51788, 51789 (September 5, 2008), unchanged in Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Final Determination of Sales at Less Than Fair Value, 74 FR 4913 (January 28, 2009); Notice of Final Determination of Sales at Not Less Than Fair Value: Pure Magnesium from the Russian Federation, 66 FR 49347 (September 27, 2001), and accompanying Issues and Decision memorandum, at Comment 12; and Mitsubishi Heavy Industries, Ltd. v. United States, 986 F. Supp. 1428, 1433-34 (CIT 1997).

In this investigation, we based our calculation of the all-others rate on the weighted-average of the margins calculated for Maquilacero and Prolamsa using publicly-ranged data. Because we cannot apply our normal methodology of calculating a weighted-average margin due to requests to protect business-proprietary information, we find this rate to be the best proxy of the actual weighted-average margin determined for these respondents. For further discussion of this calculation, see the memorandum entitled “Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico: Calculation of the Preliminary Margin for All Other Companies,” dated concurrently with this notice.

#### Preliminary Determination

The Department preliminarily determines that the following weighted-average dumping margins exist:

Exporter/Manufacturer	Weighted-Average Dumping Margin (percent)
Maquilacero S.A. De C.V.	3.99
Productos Laminados de Monterrey S.A. de C.V.	16.31
All Others	13.65

#### Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, we will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of all entries of subject merchandise from Mexico, as described in Appendix I of this notice, which are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register.

Pursuant to section 733(d) of the Act and 19 CFR 351.205(d), we will instruct CBP to require cash deposits<sup>10</sup> equal to the weighted-average amount by which the NV exceeds U.S. price, as indicated in the chart above, as follows: (1) the rate for the mandatory respondents listed above will be the respondent-specific rates we determined in this preliminary determination; (2) if the exporter is not a mandatory respondent identified above, but the producer is, the rate will be the specific rate established for the producer of the subject merchandise; and (3) the rate for all other producers or exporters will be the all others rate. These suspension of liquidation instructions will remain in effect until further notice.

#### Disclosure

We intend to disclose the calculations performed to interested parties in this proceeding within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

#### Verification

As provided in section 782(i) of the Act, we intend to verify information relied upon in making our final determination.

#### Public Comment

Interested parties are invited to comment on this preliminary determination. Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the final verification report is issued in this proceeding, and rebuttal briefs, limited to issues raised in case briefs, may be submitted no later than five days after the deadline date for case briefs.<sup>11</sup> Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this proceeding are encouraged to

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<sup>10</sup> See Modification of Regulations Regarding the Practice of Accepting Bonds During the Provisional Measures Period in Antidumping and Countervailing Duty Investigations, 76 FR 61042 (October 3, 2011).

<sup>11</sup> See 19 CFR 351.309; see also 19 CFR 351.303 (for general filing requirements).

submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce. All documents must be filed electronically using ACCESS. An electronically-filed request must be received successfully in its entirety by ACCESS by 5:00 p.m. Eastern Standard Time, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, and a list of the issues to be discussed. If a request for a hearing is made, the Department intends to hold the hearing at the U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230, at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

#### Postponement of Final Determination and Extension of Provisional Measures

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioner. 19 CFR 351.210(e)(2) requires that requests by respondents for postponement of a final determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

Respondents Maquilacero and Prolamsa requested that, in the event of an affirmative preliminary determination in this investigation, the Department postpone its final determination

by 60 days (i.e., to 135 days after publication of the preliminary determination), and agreed to extend the application of the provisional measures prescribed under section 733(d) of the Act and 19 CFR 351.210(e)(2), from a four-month period to a period not to exceed six months.<sup>12</sup> In addition, the petitioners also requested that, in the event of a negative preliminary determination, the Department postpone its final determination to 135 days after the date of publication of the preliminary determination.<sup>13</sup>

In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because (1) our preliminary determination is affirmative; (2) the requesting exporters account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, we are postponing the final determination until no later than 135 days after the publication of this notice in the Federal Register and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, we will issue our final determination no later than 135 days after the date of publication of this preliminary determination, pursuant to section 735(a)(2) of the Act.<sup>14</sup>

#### International Trade Commission (ITC) Notification

In accordance with section 733(f) of the Act, we are notifying the ITC of our affirmative preliminary determination of sales at LTFV. If our final determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45

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<sup>12</sup> See letter from Prolamsa entitled, “Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico: Request to Postpone the Final Determination,” dated February 5, 2016; and letter from Maquilacero entitled, “Heavy Walled Rectangular Welded Carbon Steel Pipes and Tubes from Mexico; Maquilacero S.A. de C.V.’s Request for Postponement of Final Determination,” dated February 11, 2016.

<sup>13</sup> See letter from the petitioners entitled, “Heavy Walled Rectangular Welded Carbon Steel Pipe and Tubes from Mexico: Request to Extend Final Determination,” dated February 4, 2016.

<sup>14</sup> See 19 CFR 351.210(b)(2) and (e).



days after our final determination whether these imports are materially injuring, or threaten material injury to, the U.S. industry.

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

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Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

February 22, 2016  
Date

## **Appendix I**

### **Scope of the Investigation**

The products covered by this investigation are certain heavy walled rectangular welded steel pipes and tubes of rectangular (including square) cross section, having a nominal wall thickness of not less than 4 mm. The merchandise includes, but is not limited to, the American Society for Testing and Materials (ASTM) A-500, grade B specifications, or comparable domestic or foreign specifications.

Included products are those in which: (1) iron predominates, by weight, over each of the other contained elements; (2) the carbon content is 2 percent or less, by weight; and (3) none of the elements below exceeds the quantity, by weight, respectively indicated:

- 2.50 percent of manganese, or
- 3.30 percent of silicon, or
- 1.50 percent of copper, or
- 1.50 percent of aluminum, or
- 1.25 percent of chromium, or
- 0.30 percent of cobalt, or
- 0.40 percent of lead, or
- 2.0 percent of nickel, or
- 0.30 percent of tungsten, or
- 0.80 percent of molybdenum, or
- 0.10 percent of niobium (also called columbium), or
- 0.30 percent of vanadium, or
- 0.30 percent of zirconium.

The subject merchandise is currently provided for in item 7306.61.1000 of the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may also enter under HTSUS 7306.61.3000. While the HTSUS subheadings and ASTM specification are provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

## **Appendix II**

### **List of Topics Discussed in the Preliminary Decision Memorandum:**

1. Summary
2. Background
3. Period of Investigation
4. Postponement of Final Determination and Extension of Provisional Measures
5. Scope Comments
6. Discussion of Methodology
  - a. Determination of the Comparison Method
  - b. Results of the Differential Pricing Analysis
7. Date of Sale
8. Product Comparisons
9. Export Price/Constructed Export Price
10. Normal Value
  - a. Home Market Viability
  - b. Affiliated Party Transactions and Arm's-Length Test
  - c. Level of Trade
  - d. Cost of Production (COP) Analysis
    1. Calculation of COP
    2. Test of Comparison Market Sales Prices
    3. Results of the COP Test
  - e. Calculation of NV Based on Comparison Market Prices
11. Currency Conversion
12. Conclusion